


Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** July 11, 2013

**SUBJECT:** Fiscal Impact Statement – “Cottage Food Amendment Act of 2013”

**REFERENCE:** Bill 20 -168, Draft Committee Print shared with the Office of Revenue Analysis on July 10, 2013

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**Conclusion**

Funds are not sufficient in the proposed FY 2014 through FY 2017 budget and financial plan to implement the bill. The bill will increase staffing costs at the Department of Health by approximately \$111,000 in FY 2014, and by \$463,000 over the four-year financial plan period.

**Background**

The bill sets the groundwork for regulating small home-based businesses that sell home-made food products at farmers’ markets and similar venues. The bill imposes registration and licensing requirements on businesses with annual gross receipts less than \$25,000. These businesses would have to register with Department of Health’s Cottage Food Business Registry. The bill also outlines various labeling requirements on the businesses, including warnings that alert customers that cottage food products are not subject to District’s safety regulations.

The Department of Health would be required to investigate cottage food businesses before they can approve these businesses for a license. Additionally, the Department of Health will have the authority to investigate complaints by inspecting these businesses. The business owner would be required to allow the Department inspectors to enter the house in which the foodstuffs are produced.

**Financial Plan Impact**

Funds are not sufficient in the proposed FY 2014 through FY 2017 budget and financial plan to implement the bill.

The Honorable Phil Mendelson

FIS: Bill 20-168, "Cottage Food Amendment Act of 2013" Draft Committee Print shared with the Office of Revenue Analysis on July 10, 2013

The Department of Health will require two new inspectors to implement the requirements of the bill, specifically regarding pre-registration inspection and subsequent inspections the Department may have to conduct in response to consumer complaints. The table below outlines the cost of the bill.

Estimated Fiscal Impact of Bill 20-168, "Cottage Food Amendment Act of 2013"					
	FY 2014	FY 2015	FY 2016	FY 2017	Four-year total
Personnel Costs <sup>1</sup>	\$110,642	\$113,961	\$117,380	\$120,902	\$462,886

**Table Note:**

<sup>1</sup>The estimate is based on hiring of two inspectors at Grade 9. It is assumed that approximately 100 businesses will be licensed the first year.